

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

770 L STREET, SUITE 1000
SACRAMENTO, CA 95814
(916) 324-2726
(916) 324-5597 FAX
<http://www.cmac.ca.gov>

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113
Sacramento, CA

Minutes of Meeting
September 13, 2007

COMMISSIONERS PRESENT

Cathie Bennett Warner
Wilma Chan
Vicki Marti
Nancy McFadden
John Longville

COMMISSIONERS ABSENT

Michele Burton, M.P.H.
Jerome Horton

CMAC STAFF PRESENT

Tacia Carroll
Paul Cerles
Denise DeTrano
Holland Golec
Mark Klobberdanz
Katie Knudson
Genaro Rodriguez
Steve Soto
Becky Swol
Mike Tagupa
Mervin Tamai
Karen Thalhammer

EX-OFFICIO MEMBERS PRESENT

Toby Douglas, Department of Health Care Services

EX-OFFICIO MEMBERS ABSENT

Thomas Williams, Department of Finance

I. Call to Order

The September 13, 2007 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The August 23, 2007 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Paul Cerles, Supervising Negotiator, informed the Commissioners that he would be reporting for the Executive Director, Keith Berger, at today's meeting. Mr. Cerles noted that Mr. Berger was on vacation.

Mr. Cerles began his report by commenting that Thomas Williams, Department of Finance, had planned to give CMAC an overview of the State Budget today, but was unable to attend the meeting because of a scheduling conflict. Mr. Williams plans to give his report at the September 27 meeting.

Mr. Cerles informed the Commissioners about a number of trailer bill items that directly affect CMAC managed care negotiations. He noted that 1) the County Organized Health System (COHS) negotiations were transferred to the Department of Health Care Services (DHCS) as of July 1, 2007; 2) there was new Mercer Methodology language for developing rates and rate parameters; 3) the three-year limit on Geographic Managed Care (GMC) contracts was removed; and 4) there was language included asking CMAC and DHCS to report to sub-committees during the 2008 budget process about how the Mercer Methodology affects GMC contract negotiations.

Regarding Martin Luther King Jr.-Harbor Hospital, Mr. Cerles indicated that there was a weekly impact report prepared by Los Angeles County on the closure of the hospital in front of the Commissioners for their information. He noted that the report includes discussion of the availability of transportation to surrounding clinics, community outreach efforts, emergency room volumes, and 9-1-1 ambulance transports, as well as other day-to-day issues that Los Angeles County is facing. Mr. Cerles said he would continue to keep Commissioners updated on this impact report, and offered a website address to read more on this issue. The website is www.ladhs.org.

Mr. Cerles informed the Commissioners that there were nine contracts and amendments for the Commissioners' review and action in today's closed session, as well as several important updates and discussions regarding current hospital negotiations and the Private Hospital Supplemental Fund Round 3A process.

IV. Department of Health Care Services (DHCS) Report

Toby Douglas, Deputy Director, Health Care Policy, DHCS, informed CMAC that the Governor applauds the Legislature for its effort on health care reform, but that he plans to veto Speaker Nuñez's bill, AB 8, when it reaches his desk. The Governor said that it does not fit into his comprehensive healthcare reform approach. Mr. Douglas noted that the Governor is committed to a reform that includes shared responsibility of not only employers, but providers, counties, government and individuals for a solution, including an individual mandate ensuring health care for the entire California population. Mr. Douglas also noted that there is a shared will of the Administration and Legislature to make comprehensive health care reform happen.

As part of the Administration's health care reform effort, Mr. Douglas informed CMAC that with the help of Health Management Associates, the California Hospital Association, Kaiser Permanente, and Catholic Healthcare West, CDHS has made tremendous progress with modeling proposals for coverage dividends and hospital inpatient and outpatient rate increases that would be funded by assessing a tiered provider fee on hospitals.

Regarding the Health Coverage Initiative, part of the Hospital Financing Waiver, Mr. Douglas said that eight of the ten counties began enrolling people under the Coverage Initiative at the beginning of this month. Mr. Douglas informed CMAC that the initiative has already been quite successful.

In response to a question asked by Commissioner Marti regarding the Governor's health care proposal, Mr. Douglas explained that the reform would dramatically impact both the inpatient care and hospital outpatient care rates. Mr. Douglas noted that stand-alone clinics that are considered Federally Qualified Health Centers (FQHC) would continue to receive payments under the current prospective reimbursement methodology, will not be assessed the provider fee, and will see an increase in their rates of payment for the previously uninsured population. He clarified those stand-alone clinics which are not considered FQHC would receive an increase to 80 percent of Medicare rates.

Following the DHCS report, Mr. Cerles presented the Commissioners with a final draft of CMAC's Annual Report including changes that reflected the action of the Commissioners during the last Commission meeting. Following those remarks, Mr. Cerles mentioned a few highlights of the report to the Commissioners.

Mr. Cerles informed the Commissioners that in FY 2006-07, CMAC saved the State General Fund an estimated \$552 million, with total savings since the inception of the program of \$9.7 billion. He noted that eight hospitals closed or terminated their contracts with CMAC, with one of those returning later in the year and that Selective Provider Contracting Program (SPCP) hospitals account for an estimated 80 percent of the total estimated Medi-Cal fee-for-service (FFS) inpatient payments to acute care hospitals and represent about 88 percent of the FFS days.

At this time, Mr. Cerles asked the Commissioners for approval of this year's Annual Report. He said that after the report is approved, staff would distribute copies to the Legislature and those organizations and individuals on CMAC's Annual Report distribution list. The report will also be posted on CMAC's website. The 2007 Annual Report was then unanimously approved by the Commissioners.

V. New Business/Public Comments/Adjournment

There being no further new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the

Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.